

State of California
Department of Industrial Relations
Self Insurance Plans
2265 Watt Avenue, Suite 1
Sacramento, CA 95825
Phone: (916) 574-0300 — Fax: (916) 483-1535
Web site — <http://sip.dir.ca.gov>
E-mail: sip@dir.ca.gov

**INSTRUCTIONS:
PRIVATE and GROUP SELF INSURER'S ANNUAL REPORT
Year Ending December 31, 2006**

Please note: By accessing the SIP website and downloading the form, you are not submitting any data electronically.

General Information

All private individual and private group self insurers, both active and revoked, are required to report their self insured workers' compensation claims experience for the preceding year on the Self Insurer's Annual Report form issued by the Office of Self Insurance Plans (SIP). The report for 2006 must be completed and filed with SIP no later than **March 1, 2007**.

The annual report form is a fillable pdf document and consists of two separate forms. One is identified as "I. GENERAL – To be Completed by the Employer." and the other is identified as "II. LIABILITIES BY REPORTING LOCATION." The computer to which the form is downloaded must have a version of Adobe Reader that is 5.0 or later in order to view and print the form. The reader can be downloaded for free at: <http://www.adobe.com>. SIP has provided user ID numbers and passwords to all users (self insured employers and/or administrators) that are required to complete reports. Those users can then log onto the SIP website at <http://sip.dir.ca.gov/> and download the form(s) with a portion of the form pre-populated with data to identify the user correctly.

Two completed reports must be submitted to SIP. At least one report must include the original "wet" signature of the self insurer on page 4 and an original signature of the claims administrator on each page 2, "Liabilities by Reporting Location". Note that a separate "Liabilities by Reporting Location" must be submitted for each location that administers claims. Note that group self insurers must also report separate "Liabilities by Reporting Location" pages for each location, **but not separate pages for each group member**. All group member claims handled at one adjusting location should be included on the locations report for that location. *However*, please identify the employer for each open indemnity claim on the "List of Open Indemnity Claims". In addition, submit two sets of the List of Open Indemnity Cases with the Annual Report.

The reports must be filed with Self Insurance Plans no later than **March 1, 2007**. We accept the reports beginning January 2 of each year.

Please include two copies of the self insured employer's current financial statement with the annual report, or as soon as it becomes available.

Line by Line Instructions: Page 1 of the Employers Portion of the Annual Report—to be completed by self insurer

I. General

1. This portion is pre-populated. Verify the certificate number.
2. This portion is pre-populated. Verify the period of report.
3. A portion of this section is pre-populated. Verify the name of master certificate holder. Verify the name and address of the master certificate holder that is self insured. Enter the state of incorporation and federal tax identification number. If you know the first five digits of the North American Industry Classification System (NAICS) code for your California operations, please insert it. If you do not have your NAICS code, please leave it blank and SIP will complete that section at a later date. The NAICS codes are published by the Executive Office of the President, Office of Management and Budget, and can be found at <http://www.census.gov/epcd/www/naics.html>.
4. Enter the legal names of the affiliate or subsidiary companies that are self insured under this master certificate. If you run out of space you can continue on page 2 of the “Employer” annual report. Verify that SIP records as presented are correct, including complete company names, spelling, and other information.
5. Indicate any changes made to any of the self insured entities during the period January 1, 2006 through December 31, 2006, including re-incorporations, mergers, changes in identity (legal name changes) and/or additions to the program.
6. Employment and wages paid in calendar year 2006. Report the total wages and salaries paid for California, as well as the total number of California employees—not the average number and not full employee equivalents. To help calculate the number of employees, page 1 asks for the number of W-2 tax forms issued to any employee in California for the given year. **NOTE: If this section is not completed or left blank, the form will not print. If you have no employees or wages/salaries, you must enter a “0”.**

Note: Any self insurer who’s Certificates of Consent was revoked before June 30, 2001 (an employer that is no longer self insured but is reporting “run-off” claims from the period of self insurance) must continue to provide employment/wage information for three years after revocation. Any self insurer revoked on or after June 30, 2001 must continue to provide employment/wage information for five years after revocation. This data is used to determine the private sector license fee assessment (Title 8, Chapter 8, Subchapter 2, Article 3, California Code of Regulations). If the employment and wage information is not included on the current annual report form, SIP will use the data from the last annual report form submitted.

7. Verify the company, name and address of the person who will receive all correspondence, invoices for fees and penalties, annual reports and notices of changes in regulations, as well as for security deposit and financial matters.

Instructions: Page 2 of the Employers Portion of the Annual Report—to be completed by self insurer

Page 2- Items 4. and 5. This page is additional information for items 4 and 5 on page 1 if necessary.

Instructions: Page 3 of the Employers Portion of the Annual Report—to be completed by self insurer

Administrator Information

Item A. Indicate the number of locations at which claims are administered.

Item B. The employer must complete this section after the claims administrator (whether self administered or administered by Third Party Administrator) has submitted each portion (adjusting location pages) of the annual report to the employer. List the claims administrator submitting each “Liabilities by Reporting Location” page, the city in which that adjusting location handles claims, and the total estimated future liability (EFL) at that location.

Item C. Enter the total amount of estimated future liability from all reporting location page (Page two’s), line 3.

Records Storage

Indicate either yes or no if claims records are stored at any other location(s). If yes, indicate where the closed claims records are kept at any location other than with the present administrator.

Insurance Coverage

Please check either yes or no. If yes, please add the pertinent information.

NOTE: If any of the questions are not answered, the annual report will be returned.

1. Indicate if any of the workers’ compensation liabilities are covered by a standard workers’ compensation policy. List the insurance company name, policy number and issue date.
2. Indicate if any of the workers’ compensation liabilities are covered by a specific excess workers’ compensation insurance policy. List the insurance company name, policy number and issue date, and retention limit.
3. Indicate if any of the workers’ compensation liabilities are covered by an aggregate workers’ compensation insurance policy. List the insurance company name, policy number and issue date, and retention limit.

Page 4-Deposit Calculation

This section is used to determine the required security deposit required.

A. Estimated Future Liability.

1. This is the sum of all the Liabilities by Reporting Location Pages. Complete this section once you have received those pages from your claims administrator(s).
2. Indicate the deposit factor (135%, 150% or 200%) that was applied to determine your deposit requirement in the previous year.
3. The minimum deposit required will be generated automatically if items 1 and 2 are indicated.

B. One Year Average Unpaid Claim Liability Calculation.

1. This field is automatically generated from A1.
2. This number is the sum of the amounts indicated on Line 1 of each of the Liabilities by Reporting Location pages.
3. Subtract B2 from B1.
4. The number from line 3 divided by 5. If the employer has been self insured for less than five years, divide the number in line 3 by the number of full years self insured.

C. Adjusted Deposit Required. The amount is automatically calculated.

D. Adjustment for Specific Excess. Indicate the total amount of specific excess credit from all administrators' adjusting location reports, page 4, line 3.

E. Security Deposit Required to be Posted. This is amount is automatically generated based on data above . **NOTE: this amount may be revised by SIP following review of your Annual Report.**

To print the report, use the **green** print button on the first page of the report. Once all adjusting location pages from the claims administrator(s) have been received, the employer must enter employer data as required, then print the form. When the form is printed, a barcode will appear on the first page. **SIP staff will be able to scan the data into the SIP database when the signed, hard copies are received from the employer.** Attach all claims administrator adjusting location pages and submit the entire report to Self Insurance Plans.

PRINTING PROBLEMS

If after making sure that you have entered employee and payroll information, you are still unable to print, there are a number of possible solutions:

- Make sure you have clicked on the green print button to print the document. If you have used the pull down menu under "File" or "Command p" from the keyboard, the document will not print.
- If the entire page(s) will not print, make sure that page size is scaled to fit your paper. After clicking on the green print button, select the option to "fit to paper size" or "shrink oversize paper to paper size."

If a problem exists where data you have entered on the form disappears or appears upside down on the form, click on the red button to "re-set the form", download the form again from the SIP website, then re-enter the data.

If you are still unable to print the form, it may be that your computer utilizes the 7.x Adobe Acrobat version. Make sure you use an Adobe version that is 5.0 or greater

If you have any questions or need additional assistance, please feel free to contact Tina Freese at (916) 574-0737 or you can send an email to Tfreese@dir.ca.gov

Instructions: Page 1 of the Adjusting Location Portion of the Annual Report—to be completed by the Administrator

II. Liabilities by Reporting Location

This portion of the report must be completed by the self insured employer's third party administrator, or, if self administered, by the in-house claims administrator. A separate "Liabilities by Reporting Location" must be completed for each separate reporting location. If subsidiaries or affiliates of the master certificate holder post separate security deposits under the master certificate, a separate adjusting location report must be submitted for each of those subsidiaries or affiliates that have separate deposits. Otherwise, one adjusting location report should be submitted for each adjusting location.

Reporting location number. This number is pre-populated once the administrator has downloaded the correct reporting location report from the SIP website. The administrator should verify that the Reporting Location number corresponds to the administrator's assigned agency and location number for that administrator. The number consists of a one-digit number, followed by a four-digit number, followed by a two-digit number, and ending with a three-digit number. The first number of the Reporting Location number is a 3 for if the location is a TPA location, or a 2 if the location is a self administered location of the employer. The four-digit number following the prefix number is the certificate number of the self insured employer. The two-digit number following the certificate number is the location number assigned to that adjusting location. The three-digit number (the last in the sequence) is the certificate number for the TPA (the number will be 099 if it is for a self administered employer).

Name/Identification of Location: This section is pre-populated. Verify the name of the TPA and the office location.

Enter the name of the self insured private entity: Master, Subsidiary, or Affiliate.

Type of report. The designation should be as an original report if it is for the entire calendar year, an Amended Year End Report if it is a corrected original report, an Amended Due to Audit Report if the report is to change estimates of future liabilities or claims excess insurance credit following an audit, or an Interim Report if the report covers an interim period (not the full calendar year) - for instance, when changing mid-year from one administrator to another.

When data is entered, any box highlighted in yellow is an automatic calculation. Once "Incurred Liability Indemnity" figures and "Paid to Date Indemnity" figures are entered, estimated future liabilities will be automatically calculated and will appear in the "Future Liability Indemnity" box. If there is an error, the box will be highlighted in **red** (for instance, if the difference between the incurred and paid indemnity for all cases and all open cases in a given year is not the same). If the same type of error for Incurred and paid medical is made, the box will be highlighted in **blue**.

If there are no errors, the estimated future liabilities boxes will not be highlighted and you can continue entering the remaining data.

If you are unable to determine the reason for the error, click on the “Help” button. **The Form will not print if the errors are not corrected.**

A. Cases and benefits.

1. Report the cases open as of 12/31/2006 that were initially reported to the employer prior to 2002.
- 2a-e. Report the 2002, 2003, 2004, 2005, and 2006 claim liabilities in the split format for each of the years. For each of these years report the liability figures for both *All cases reported* and *Cases open*.

NOTE: Because there are no estimates of future liabilities for closed claims, the estimated future indemnity for all claims in a given year should be the same as the estimated future indemnity for open claims only for that year. The same principal applies to indemnity and to medical for each reported year. Accordingly, there is only one line showing estimated future indemnity and medical for each year, even though each year contains separate entries for all claims and for open claims only.

The *Incurred Liability* entries minus the *Paid to Date* entries equal the *Future Liability* entries for each row. Each \$ *Indemnity* entry for each year adds mathematically across the and each \$ *Medical* entry for each year likewise adds up across the table. The estimated future liability for each year will automatically total at the bottoms of the appropriate columns.

Attach a list of all open indemnity claims. The list may be reported on the “List of Open Indemnity Cases” provided with each annual report form, or may consist of a computer run organized in the same format. If the list of cases consists of a computer run, it must include the: name of the self insured employer or affiliate or subsidiary employer, date of injury, description of injury, and paid to date and estimated future liability amounts. The listing must be by year reported and alphabetical within each year.

Instructions: Page 2 of Adjusting Location Portion of the Annual Report—to be completed by the Administrator

Page 2: Administrator/Certification

- A. List the name of the current administrator or TPA at the time the report is being completed. List the name of the person responsible for the claims, the administrative agency name and address, and the complete TPA certificate number that was issued by SIP.

Note: The administrator named should not be a person from a central office assigned to compiling data for the report, but should be the person at the adjusting location responsible for completing the report. If there has been a change of administrator on or after January 1, 2006, the new administrator’s name should be entered in Item B (not Item A) with the date of the change and the agency name, address, etc. completed.

B. Indicate if there has been any change in claims administration since January 1, 2006.

The person named in item A or B must have passed the Administrator's Exam.

The Certification portion of each Adjusting Location report (page 2) must include the **original** ("wet") signature of the administrator include the administrator's name, title, company and address. A copy of an original signature is not acceptable.

The Certification must be signed by a person who works at the reporting office and is documented in SIP records as having passed the Self Insurance Administrator's Exam. Note: SIP cannot determine if a person has passed the Self Insurance Administrator's Exam unless the person reports any name changes to SIP before submitting an annual report. Notification to SIP of a name change must be accompanied by documentation, such as a copy of marriage license, divorce decree or petition for name change. **Any report with an unqualified person signing the liabilities section will be returned to the self insurer.**

Note: All reporting location pages must be signed.

Instructions: Page 3 of Adjusting Location Portion of the Annual Report—to be completed by the Claims Administrator

The "Specific Excess Insurance Policy Coverage" page is used to itemize claims covered under a specific excess insurance policy or policies. Each claim on the List of Open Indemnity Cases that exceeds the employer's retention level of the specific excess policy should be entered. Specific Excess Insurance Policy Coverage-Fields that are highlighted in "yellow" are calculation/validation fields. They cannot be altered.

Only one "Specific Excess Insurance Policy Coverage" page is included in the downloaded Annual Report Adjusting Location page, and only three claims' entries are on a page. If you wish to claim credit for specific excess insurance on more than three claims, you must complete one page (three claims), printout the page, and reset the form (the red "reset" button on page one) for each three additional claims for which excess insurance is reported. Repeat the process until all entries have been made and printed.

NOTE: It is recommended that the "Liabilities by Adjusting Location" page be completed and printed before the Specific Excess pages are completed - otherwise, clicking on the "Reset" button will cause you to lose the data on cases and benefits already entered. Another alternative is to complete and print all Specific Excess pages before completing the "Liabilities by Adjusting Location" page. When claiming credit for specific excess insurance, note the following:

- The only payments that may be applied toward a claim's specific excess retention are indemnity and medical expenses paid to date.

- When completing the Specific excess pages, note that total unpaid carrier liability can never exceed the estimated future liability of the claim. The self insurer may not take credit for payments made on a claim for which reimbursement has not been received by the specific excess insurance carrier. The self insurer can claim credit for specific excess insurance coverage only for amounts left to pay on the claim – that is, estimated future liability.
- Credit cannot be extended for specific excess coverage for any claim with a specific excess carrier that is insolvent, has been seized, is bankrupt, or is a non-admitted California surety. The only exception is a claim that has been accepted by the California Insurance Guarantee Association (CIGA). However, credit for any claim or claims that have been accepted by CIGA cannot exceed \$500,000 per occurrence, pursuant to Insurance Code Section 1063.3.

Note also that all claims under specific excess policies issued by carriers that are insolvent or bankrupt or have been seized must be reported so that the information is available for bankruptcy situations. Since no credit can be given for such cases, enter a zero in the box labeled Total Unpaid Carrier Liability and complete all other information pertaining to the claim.

Complete all information for each claim or credit for the claim's excess coverage may not be allowed. Enter the data as follows:

Name of claimant—last name, first initial.

Claim number—as entered on your loss runs to identify this specific claim, since more than one claim for the same person may exist.

Date of injury—actual date the injury occurred.

First year reported to SIP - the year in which the claim was first reported to the employer should be the year in which the claim was first reported to SIP.

Description of injury—provide a brief one- or two-word description, such as back, head, stress.

Name of specific excess carrier—complete, correct name of the carrier (many carriers have similar names).

Policy number—of the specific excess policy covering the claim.

Policy period—start and stop dates of the policy.

Employer's retention—the amount of loss the self insurer must pay before the carrier will indemnify it.

Upper policy limit—the insurance policy's upper limit of indemnity is the maximum amount of loss for which the carrier will indemnify the self insurer.

Check yes or no responses to: claim reported to carrier, claim acknowledged/accepted by carrier, and has carrier denied any part or all liability of this claim.

Total of payment by excess carrier to date of this claim - the amount the carrier has paid to date in reimbursements. This amount is for information purposes only, and does not enter into the calculations for excess credit.

Subtotal - Total Unpaid Carrier Liability This Page: Enter the amount for the page - not for all pages (the total for all pages is entered as Item 4 under “Calculation of Specific Excess Coverage Entry of Annual Report” on the last page of the Administrator’s portion of the report).

Calculating the unpaid employer retention:

- 1a. Employer’s retention—stated in the policy, the minimum retention level is the amount of loss the self insurer must pay on a claim before the carrier will indemnify.
- 1b. Total paid on claim—indicate the sum of the paid-to-date indemnity and medical costs on this claim reported in the List of Open Indemnity Claims.
- 1c. Unpaid employer retention—subtract the total paid on claim from the employer’s retention to determine any unpaid employer retention. If the employer paid over the retention level and the total paid on claim is a larger number than the employer’s retention, enter zero.

Calculating the total unpaid carrier liability:

- 2d. Estimated future liability on claim—to estimate what remains to be paid on this claim in indemnity and medical, indicate the sum of the estimated future liability indemnity and medical costs reported in the List of Open Indemnity Claims.
- 2e. Unpaid employer retention—the number determined in item 1c above.
- 2f. Total unpaid carrier liability—subtract the unpaid employer retention from the estimated future liability on this claim to determine the total unpaid carrier liability.

Exception: For claims involving a specific excess insurance carrier that is insolvent, seized, bankrupt, or a non-admitted California surety, enter zero in this box (credit for excess coverage can not be allowed).

Instructions: Page 4 of Adjusting Location Portion of the Annual Report—to be completed by the Claims Administrator

Page 4: Calculation of Specific Excess Coverage Entry for Annual Report

Before calculating the security deposit requirement, the self insured employer must determine if any credit for specific excess insurance coverage can be applied. The self insured employer must enter the amount of credit to be applied for excess coverage on page 4, line D of the “Employer Annual Report”. The employer determines the amount of credit by adding the total unpaid carrier liability from all pages at all adjusting locations and multiplying by the deposit rate. The administrator should determine the amount of carrier liability at that location by adding the subtotal at the bottom of each “Specific Excess Insurance Policy Coverage” page for adjusting location and complete this page as the last page of the Adjusting Location report. .

1. Enter the total unpaid carrier liability listed on all pages of Specific Excess Insurance Policy Coverage.
2. Enter the deposit rate applicable to the self insurer.
3. Multiply the figure in line 1 by the figure in line 2 and enter that total in line 3.
4. Enter the figure in line 3 on page 4, line D (This amount represents the credit for claims at that location. The total credit is the credit for each location).

Note: Remember to complete the summary calculation on page 4 of the “Adjusting Annual Report” on the Specific Excess Insurance Policy Coverage pages and submit the set of completed excess insurance pages with each report.

To print the report, click on the **green** button on the first page. Keep in mind that if any **errors are not corrected, the report will not print**. Indemnity errors will be highlighted in “**red**” and medical errors will be highlighted in “**blue**”. Once the report is printed, a barcode will appear on the first page. **Please sign and attach all the pages and return to the self insured employer.** The employer will sign and submit the entire report, including all Adjusting Location reports to Self Insurance Plans (The employer’s portion will also have a barcode on the first page).

If you have any questions or need additional assistance, contact Tina Freese at (916) 574-0737 or you may send an email to TFreese@dir.ca.gov.